

Special Accounts Senior Management Committee

SEMI-ANNUAL MEETING

NOVEMBER 17, 2015

Agenda

- ❖ Highlights Past 6 Months
- ❖ Update on Placement of Special Account Funds in Trust Fund and Investment Strategy
- ❖ Notification/Request Process for Special Account Reclassifications, Transfers to the Trust Fund, and Account Closures
- ❖ Additional Opportunities to Direct Site Charge to Special Accounts
- ❖ Upcoming Issues and Topics
- ❖ Review Action Items and Next Steps

Highlights Past 6 Months

- ❖ FY 2015 mid-year review of special account data in SEMS
- ❖ Review of reclassifications, transfers to the Trust Fund, and account closures for OSRTI's FMFIA requirements
- ❖ Receipt of additional distributions from Anadarko settlement
- ❖ Drafting of Special Account Disbursement Guidance and Special Account Consolidated Guidance
- ❖ New accounting models for receipt account in Superfund Trust Fund and investments for special account funds
- ❖ Use of fields in new account code structure for special accounts
- ❖ OIG questions related to special accounts during financial statement audit

❖ Exemption 5 - Deliberative Process

Update on Placement of Special Account Funds in Trust Fund and Investment Strategy

OCFO/OFM

Background

- ❖ November 2014 – Agency identified need for new business process to place special account collections directly into the Trust Fund.
- ❖ December 2014 to Present – Multiple meetings with OMB and Treasury to discuss options for directly investing special account funds into the Trust Fund.
- ❖ February 2015 - Agency received a total of \$1.4 billion in special account funds from the Anadarko settlement.
- ❖ July 2015 – OFM & CFC met to determine impact on the current business process.
- ❖ September 2015 – Special accounts available balance was transferred into the new “Special Accounts” sub-account within the Trust Fund.
 - ❖ Sub-Account Treasury Symbol: 68X81452

Updates/Changes

❖ Program

- ❖ No Change. All changes will be transparent to the program offices.

❖ Accounting/Financial Procedures

- ❖ New receipt account (68X8145.006) and new sub-account (68X81452) created for Special Accounts

❖ Financial Statements

- ❖ Bureau of Fiscal Services (BFS) – Separate financial statements

❖ Guidance/Policies

- ❖ Updated investment policies with BFS
- ❖ Updated financial Standard Operating Procedures

Investments

Bureau of Fiscal Services

Hazardous Substance Superfund Trust Fund Investments

General Portion – 68X8145

No.	Maturity	Amount
1	2/29/2016	\$404,752,529
2	8/31/2017	\$403,947,256
3	2/28/2018	\$401,994,789
4	One-Day A	\$482,027,251
Total		\$1,692,722,095

Special Accounts – 68X81452

No.	Maturity	Amount
1	8/31/2016	\$441,019,884
2	2/28/2017	\$463,397,619
3	2/28/2018	\$650,004,464
4	8/31/2018	\$1,131,186,648
5	One-Day B	\$760,136,781
Total		\$3,445,745,397

\$5.1 Billion

**Note: Balances are as of October 30, 2015.*

Next Steps

- ❖ Respond to OMB questions.
- ❖ Communicate changes to Stakeholders.
- ❖ Monitor monthly Treasury-prepared investment statements.
- ❖ Provide update of new process at next SASMC meeting.

Notification/Request Process for Special Account Reclassifications, Transfers to the Trust Fund, and Account Closures

OSWER/OSRTI

Background

- ❖ OSRTI, as chair of the SASMC, reviews special accounts as part of its FMFIA requirements every 5 years
- ❖ Last review conducted FY 2010
 - ❖ Reviewed planned reclassification, transfer to the Trust Fund, and account closure actions
- ❖ Review conducted in FY 2015
 - ❖ Reviewed controls in place to ensure planned and/or requested actions (e.g., reclassifications, transfers) occurred or follow-up was conducted, per OIG recommendation from 2009 report
- ❖ Executive summary of analysis and findings provided as additional meeting materials to SASMC

Process Overview

- ❖ The current process for reclassifications, transfers to the Trust Fund, and account closures includes the following steps:

Planning

- ❖ Regions review accounts and enter plans for reclassifications, transfers to the Trust Fund, and account closures in SEMS for the current fiscal year and following two fiscal years.

Notifications to HQ

- ❖ If the reclassification or transfer to the Trust Fund will be less than \$200K, Regions may email CFC requesting them to complete the transaction and cc HQ staff.
- ❖ If the reclassification or transfer to the Trust Fund will be \$200K or more, the Region must prepare a memorandum signed by the regional Superfund Division Director and send to the office directors for OSRTI/OSRE/OEM.
- ❖ Regions may email requests to CFC to close accounts, but must cc HQ staff.

Completing the Transaction

- ❖ CFC can process reclassification and Trust Fund transfer requests for less than \$200K without further action by HQ.
- ❖ Once HQ acknowledges receipt of the memo for actions of \$200K or more, CFC can process the request.

Summary of Analysis & Findings

- ❖ OSRTI tracks plans, notifications, and completed actions via an excel tracking sheet updated quarterly and sent to regional Superfund Division Directors and SASMC
- ❖ Planned reclassifications, transfers to the Trust Fund, and account closures
 - ❖ Not all planned actions completed
 - ❖ Approximately 1/3 of what is planned each fiscal year is not completed and moved to following fiscal year
 - ❖ Some plans changed to other uses
 - ❖ Semi-annual work planning and mid-year reviews provide adequate controls for review and follow-up of planned actions
- ❖ Requested reclassifications, transfers to the Trust Fund, and account closures
 - ❖ Headquarters received notifications for at least 88% or more of all completed actions
 - ❖ If Headquarters does not receive all notifications, cannot assure all requested actions are completed
 - ❖ Not all requested actions completed
 - ❖ OSRTI does not track the reason requested actions were not completed

Proposals

- ❖ Automate notifications/requests via SEMS or SharePoint
 - ❖ Centralize so that regions, Headquarters, and CFC can review status of notifications/requests
 - ❖ Reduce errors from manual tracking
 - ❖ Simplify tracking for regions, OSRTI, and CFC
 - ❖ Include requests to transfer receipts/interest among accounts for a site
- ❖ Create checklist/form for all requests
 - ❖ Simplify request process to provide additional efficiencies
- ❖ Include in the tracking of requested actions the reason it was not completed
 - ❖ Ensure follow-up on notified actions not completed
- ❖ Level of approval required for requests/notifications
 - ❖ For actions equal to or more than \$200K
 - ❖ Regional Superfund Division Director signature required
 - ❖ Notifications sent to OSRTI/OSRE/OEM office directors

Proposed Next Steps

- ❖ Form workgroup to discuss automation of process
 - ❖ Workgroup consist of:
 - ❖ SASMC staff
 - ❖ Regional volunteers (at least 5, maximum of 10)
 - ❖ Hold bi-weekly calls (December 2015 – March 2016)
 - ❖ Use of SEMS or SharePoint
 - ❖ Workflows
 - ❖ Checklist/form development
 - ❖ Design new tool in SEMS or SharePoint (March 2016 – June 2016)
- ❖ Goal to have new tool available by 4th quarter FY 2016 (July 2016)
 - ❖ Depending on technology requirements and needs

Additional Opportunities to Direct Site Charge to Special Accounts

OCFO/OB

Background

- ❖ The use of special accounts conserves congressionally appropriated resources.
- ❖ The agency should be taking steps to maximize the use of special account resources.
- ❖ A review of current Special Account utilization identified additional areas where we might increase direct charging to special accounts.

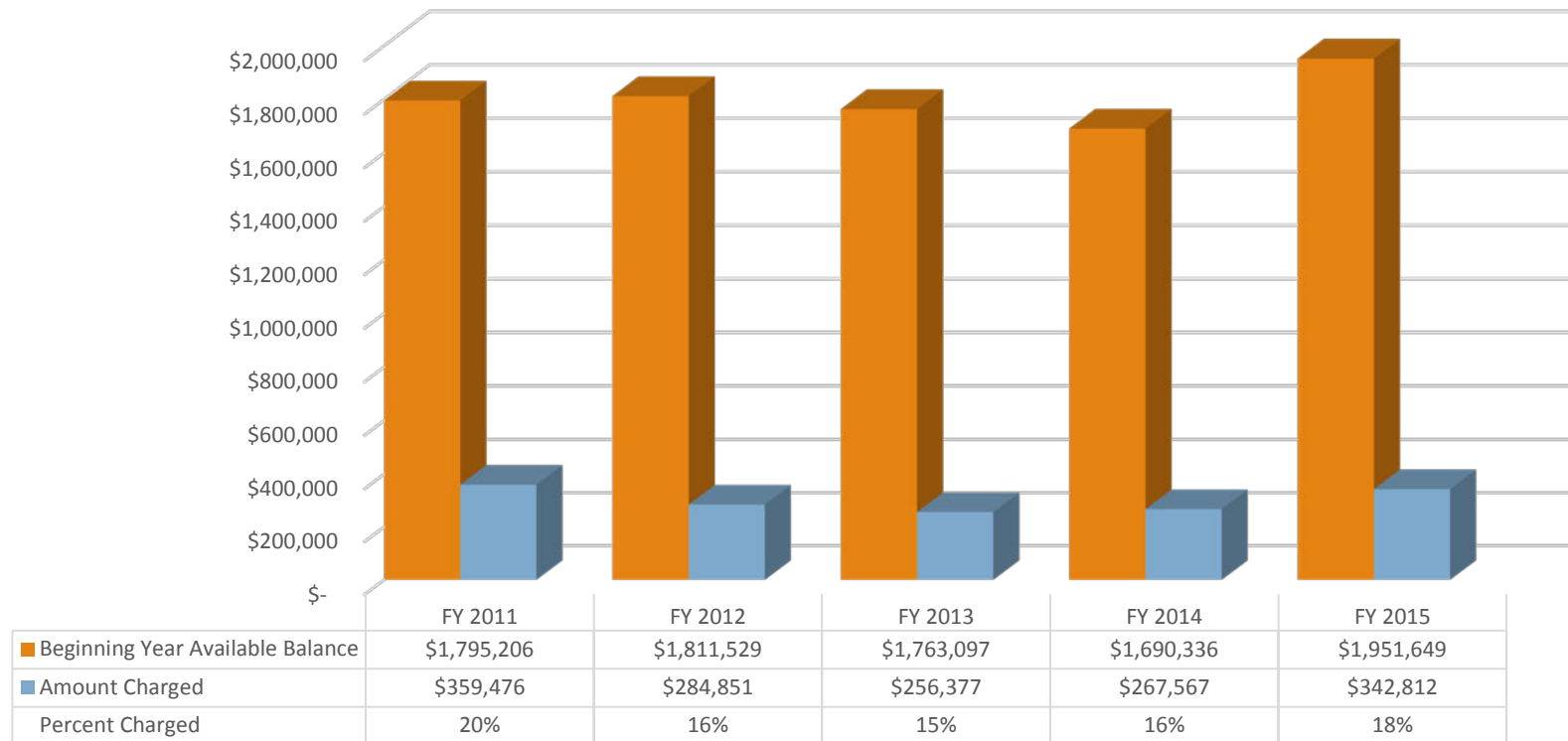
Special Account Available Balances

Region	Open	Closed	Receipt \$	TF XFER \$	Interest \$	Expended \$	Unliq Oblig \$	Avail Balance \$
01	63	12	\$825,845,045.63	\$1,676.31	\$87,855,965.33	\$437,451,183.55	\$111,540,142.71	\$364,708,008.39
02	105	28	\$967,869,308.42	\$729,948.66	\$58,518,939.97	\$469,521,660.78	\$51,798,285.36	\$504,338,353.59
03	129	33	\$219,463,071.45	\$3,790,700.22	\$23,004,495.02	\$119,779,238.53	\$4,834,411.34	\$114,063,216.38
04	71	32	\$164,822,227.65	\$621,013.56	\$17,886,608.09	\$108,732,130.07	\$4,774,992.51	\$68,580,699.60
05	219	47	\$623,171,384.50	\$8,558,416.17	\$41,754,990.76	\$228,097,520.56	\$33,537,559.81	\$394,732,878.72
06	69	25	\$203,884,081.09	\$1,569,426.74	\$13,378,616.80	\$131,610,553.50	\$8,023,997.70	\$76,058,719.95
07	59	25	\$456,259,280.93	\$10,015,333.29	\$18,752,607.55	\$261,809,040.65	\$53,685,866.90	\$149,501,647.64
08	98	24	\$735,441,688.48	\$1,496,715.51	\$69,907,366.49	\$498,695,714.95	\$57,367,471.84	\$247,789,152.67
09	105	32	\$1,614,853,565.19	\$760,166.62	\$87,780,944.19	\$366,628,532.25	\$33,573,886.80	\$1,301,671,923.71
10	111	25	\$555,174,649.29	\$191,538.32	\$27,357,727.71	\$316,609,404.72	\$24,322,470.67	\$241,408,963.29
Total	1,029	283	\$6,366,784,302.63	\$27,734,935.40	\$446,198,261.91	\$2,938,934,979.56	\$383,459,085.64	\$3,462,853,563.94

*CDW data query 11/5/2015

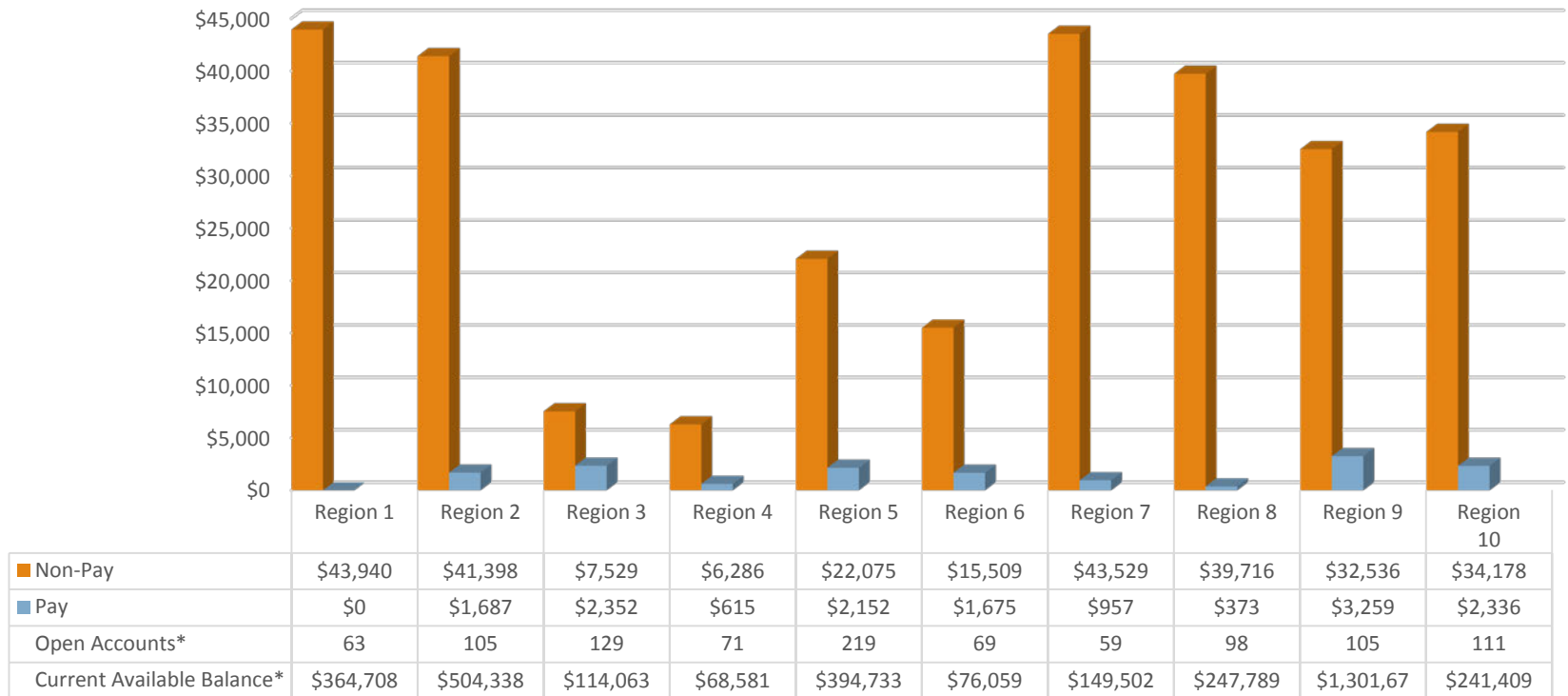
Special Account Utilization

Special Account Resource Utilization by Fiscal Year
(Dollars in Thousands)



Special Account Utilization

Average Pay & Non-Pay Special Account Utilization Over Past Five Years
(FY11-15, Dollars in Thousands)



*CDW data query 11/5/15

General Observations

Utilization Summary	Observation
Overall	While utilization did increase in FY 2015, it has come down from a high in FY 2011.
Payroll/Travel	Region 1 did not utilize special accounts for payroll and travel. Region 8 minimally used special accounts for payroll and travel. Regions 3, 9 and 10 utilized special accounts the most for payroll. Regions 6 and 9 utilized special accounts the most for travel.
Working Capital Fund (WCF) ¹	Special accounts are rarely used by the regions for WCF.
Grant/Cooperative Agreement Utilization	Regions 2, 3 and 4 utilized special accounts the least for grants and cooperative agreements.
Contract Utilization	All Regions are utilizing special accounts for contracts.
Program Project Utilization	All Regions are utilizing special accounts for Superfund Remedial and Emergency Response and Removal. Superfund Enforcement ² , Federal Facilities ³ , and Federal Facilities Enforcement ³ are utilizing resources less frequently.

¹ WCF could be allocated in accordance with FTE charging.

² For Superfund Enforcement, Regions 5, 6 and 8 have utilized SA resources the most, while Regions 5, 6 and 8 have utilized it for OCFO FTE payroll.

³ As there are fewer accounts for Federal Facility sites the utilization might be appropriate.

Questions for Discussion

- ❖ Are there particular areas/programs where senior managers would like to explore site-charging?

Exemption 5 - Deliberative Process

- ❖ Similar to Contract Laboratory Program, should we do accounting adjustments on an annual basis rather than just doing it when we close out the account?
- ❖ Should we hold a session at the Cost Recovery Training Conference and/or the Budget Technical Workshop to hear from regions the practices/processes/challenges they face in using special account resources?
- ❖ Based on feedback from conferences, evaluate if we:
 - Establish a consistent approach/policy to direct charging,
 - Consider establishing some goals/measures to increase direct charging,
 - Update any guidance documents, develop best practices, review particular processes for improvements/efficiencies.

Upcoming Issues and Topics

Upcoming Issues and Topics

❖ 1st quarter FY 2016 Planned Completion

- ❖ Conduct FY 2016 special account work planning updates and review
- ❖ Implement new accounting models for special account receipts and disbursements from point account in Superfund Trust Fund
- ❖ Rules for use of budget org field in new account code structure for special accounts
- ❖ SASMC Annual Report for FY 2015 activities
- ❖ Begin update of Special Accounts Management Strategy for 2016 - 2018

❖ 2nd quarter FY 2016 Planned Completion

- ❖ Issue Special Account Consolidated Guidance
- ❖ Issue Special Account Disbursement Guidance
- ❖ Issue Special Accounts Management Strategy for 2016 - 2018
- ❖ Special account narrative for FY 2017 President's Budget
- ❖ Process to automate notifications/requests for transfers among accounts, reclassifications, transfers, closures
- ❖ CLP/ESAT reimbursement process

❖ FY 2016 Planned Completion

- ❖ Special account direct site charging of support costs
- ❖ Evaluate creation of dashboards for special account data

Review Action Items and Next Steps
